

## **MEETING MINUTES**

Finance Committee

May 20, 2009

### **CALL TO ORDER**

Time – 7:00 P.M.

Members in attendance: Chairman Joanne F. Marden, Tim Felter, Mary O'Donoghue, S. Jon Stumpf, Cindy Milne, Richard T. Howe, Mark Merritt, Stephen Stapinski and Paul Fortier.

Also present: Anthony J. Torrisi, Finance Director and Assistant Town Manager Steve Bucuzzo.

### **COMMUNICATIONS**

Mr. Torrisi informed Committee members of a revenue update as reported to him by Town Accountant Rod Smith. Revenue numbers were noted to be approximately 6% below budget. However, Mr. Torrisi added that offset receipts were running better. Mr. Torrisi assured Committee members that the revenue deficit would come very close to being covered.

Ms. Marden shared an invitation from Retirement Board Administrator, Elena Kothman to attend a meeting on May 28<sup>th</sup> at which time the Board would vote to approve Town retirees' cost of living increases. Committee members were in agreement that, due to Andover's retirees' sole dependence on pensions rather than Social Security benefits that the Finance Committee would not vote against granting COLA increases at that meeting. The invitation was declined.

Mr. Felter reported Audit Committee members' commitment to their charge and that they are working well together.

### **WARRANT ARTICLES**

#### Article 33 – Fire Rescue Ambulance

Committee members were informed that the intent of the Board of Selectmen is to withdraw Article 33. No vote was taken by the Finance Committee.

#### Article 34 – Ballardvale Fire Station Replacement

Opposing views and several options were discussed at length including a two-station alternative thought to decrease personnel costs as brought forth by Dick Howe and use of CIP funds better utilizing in-house personnel for cost savings as offered by Steve Stapinski. Concern was voiced over the possibility that Andover may eventually have three fire stations thereby increasing personnel costs. Ms. Milne countered with support for three stations due to some areas in Andover being grossly under protected.

Dick Howe moved and Steve Stapinski seconded to recommend disapproval of Article 34. The motion passed 7-2-0.

#### Article 62 – Open Space Acquisition

Ms. Milne reported the Conservation Commission had not yet reached a price with regard to Article 62 and that several parcels were currently under negotiation. After a brief discussion, consensus was reached that future Conservation purchases should be attained through debt service.

Cindy Milne moved and Paul Fortier seconded to recommend disapproval of Article 62. The motion passed unanimously 9-0.

#### Article 47 – USPS Lease at Town House

There was lengthy discussion concerning reconsideration of a previous Finance Committee vote to approve Article 47. The following items were discussed: most advantageous use of the building for revenue collection, length of lease and advantages/disadvantages of having a satellite Post Office located centrally within the downtown area. All agreed that the Finance Committee's message to the Town Manager should be that in order to retain flexibility, the Finance Committee would not approve a lease to extend past three years. Additionally, that Article 47 should be withdrawn.

Tim Felter moved and Dick Howe seconded to recommend disapproval of Article 47. The motion passed 8-1-0.

#### Article 22 – Appropriation for High School Athletics – Stabilization Fund

Mr. Merritt stated the importance of informing voters at Town Meeting that passing Article 22 would not necessarily guarantee that the School Department would direct the funds to their operating budget. All agreed.

### **BUDGET DISCUSSION**

There was lengthy discussion regarding a memo written by Chairman Joanne Marden dated May 15, 2009 (see attached memo).

Town Moderator Sheila Doherty informed Committee members of two telephone calls she received from two different individuals requesting the procedure at Town Meeting that would allow an amendment to Article 4 in order to request a decreased School Budget number should the School Department not accept the \$59.9M as approved by the Town Manager. Ms. Doherty said she just wanted the Finance Committee to be aware of this possible occurrence.

Jon Stumpf moved and Steve Stapinski seconded to reconsider the Finance Committee's prior vote to approve Article 4 in the amount of \$60.4M and to recommend approval in the amount of \$59.9M. The motion passed with one abstention 8-0-1.

### **APPROVAL OF MINUTES**

Mark Merritt moved and Cindy Milne seconded to recommend approval of the following 2009 meeting minutes: March 23, 25, 30 and April 1, 6, 8, 13, 15, 16 and 22. The motion passed unanimously 9-0.

### **ADJOURNMENT – 9:30 P.M.**

Respectfully Submitted,  
*Carolyn Lynch*  
Recording Secretary

To: Board of Selectmen  
School Committee  
Finance Committee  
Buzz Stapczynski, Town Manager  
Claudia Bach, Superintendent of Schools  
From: Joanne Marden  
Date: May 15, 2009

As we work toward a FY2010 Budget to present to Town Meeting, I offer the following summary of the current status of our budget deliberations. The three chairs continue to work together to find a solution that all three boards can support. We welcome your suggestions. We were pleased to learn late last week that Cathy Fink and David Keniston were successful in obtaining the Extraordinary Relief Circuit Breaker funding from the state. They are to be commended. This \$453,433 goes into the Circuit Breaker account and can be used for eligible SPED expenditures. This money does not require appropriation by Town Meeting, and can be used either to cover some of the FY2009 SPED deficit or carried over to be used in FY2010.

**The \$59.9 million recommendation for the FY2010 School Budget voted by the Board of Selectmen and Finance Committee is \$500,000 less than the \$60.4 million voted by the School Committee. Could this additional \$453,000 SPED funding be used to fill that gap?**

At its meeting on Wednesday, May 13, the Finance Committee considered mechanisms for making those funds available for the FY2010 operating budget. **Option I** was to make **no changes** in our recommendations on the FY2010 Budget (Article 4), the use of \$787,000 from Free Cash to cover the FY2009 SPED deficit (Article 7) and the use of no Free Cash for FY2010 (Article 8). The supplemental funding for FY2009 would remain the same. The new \$453,000 could be carried over to FY2010. Even though the appropriation for FY2010 would be \$59.9 million, nearly \$60.4 would be available for School spending. While Option I could be implemented without any change in the Finance Committee's recommendations printed in the report, it would require the School Committee to change its recommendation to \$59.9 million. The School Committee does not like Option I because the lower appropriation would mean a lower base going forward. The Finance Committee was uncomfortable with providing supplemental funding for FY2009 that is not necessary to cover the actual FY2009 deficit in order to make the money available for spending in FY2010.

The three chairs had agreed to recommend a different mechanism. **Option II** reduces the supplemental appropriation for FY2009 from \$787,000 to \$334,000. This is consistent with our commitment to cover any SPED out of district deficit net of Circuit Breaker. Because we were not using \$453,000 in Free Cash for the supplemental appropriation, we could use that money to bring the FY2010 School Budget close to the \$60.4 million approved by the School Committee. We considered the \$47,000 difference a minor issue, which could be resolved in a number of ways.

On May 13<sup>th</sup> the Finance Committee voted to change its recommendation on Article 7, Supplemental Appropriations, from \$787,000 to \$334,000 based on its stated commitment to fund the net deficit. A second vote taken was to change the Finance Committee recommendation for the FY2010 School Budget from \$59.9 to \$60.4 as part of accepting Option II. Members expressed interest in a plan that was simple to explain and did not include any promises to cover future operating deficits or commitments for the allocation of any future revenues or deficits. We all know that the numbers will keep changing and that a Special Town Meeting will probably be needed to adjust the budgets when we have the real numbers for State Aid, Property Tax Growth Revenues, potential local option revenues, etc.

The arguments against Option II came with the third vote needed to implement the plan. The Finance Committee balked at using any Free Cash for the FY2010 operating budgets. The Finance Committee did not vote on Article 8 on Wednesday, with the full understanding that, if the Free Cash recommendation is not changed, we will also have to re-vote our recommendation on the School Budget to go back to \$59.9 million. Members needed time to think before voting. The basic problem is that Andover does not have the revenues to justify any budget increase. Rather than achieving a budget recommendation that does not create future budgetary problems, Option II uses one time revenues to increase spending, thereby guaranteeing a problem the following year. Further, if we suspect that additional budget cuts at a Special Town Meeting will be necessary due to further reductions in revenues, we certainly should not be using Free Cash to increase the School Budget at this time.

I understand that the Board of Selectmen will be discussing these options Monday night. Perhaps there are others that should be considered. Both the Finance Committee and School Committee have scheduled meetings for next Wednesday (May 20). The options considered so far are summarized in the table below. Option III represents an additional option discussed at the Finance Committee meeting. To keep things simple, the table does not show how the \$47,000 difference between \$453,000 and \$500,000 would be handled. That should not be a problem. Let the chairs know if there are other options that should be considered.

## Budget Agreement Options

	<u>Option I</u>	<u>Option II</u>	<u>Option III</u>
School Appropriation	\$59.9M	\$60.4M	\$59.9M
School Available Including carry over	\$60.4M	\$60.4M	\$59.9M
Article 7 Supplemental App.	\$787,000	\$334,000	\$334,000
Article 8 Free Cash	\$0	\$453,000	\$0
Free Cash Balance After Town Meeting	\$1,434,828	\$1,434,828	\$1,887,828